

**STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION
DOCKET NO. 2021-324-WS**

IN RE:)
)
Application of Kiawah Island Utility, Inc)
for Adjustment of Rates and Charges)
(Increase) and Modifications to Certain)
Terms and Conditions for the Provision of)
Water and Sewer Service)
_____)

**SOUTH CAROLINA DEPARTMENT
OF CONSUMER AFFAIRS FIRST SET
OF INTERROGATORIES AND
REQUESTS FOR PRODUCTION TO
KIAWAH ISLAND UTILITY, INC.**

Pursuant to S.C. Code Ann. Regs. 103-833, the South Carolina Department of Consumer Affairs (the "Department"), by and through its undersigned counsel, hereby submits this First Set of Interrogatories and Requests for Production to Kiawah Island Utility, Inc. ("KIU" or "Company"). Pursuant to South Carolina Rule of Civil Procedure 26(e), and Commission regulations, each request is continuing until the time of the hearing such that the Company must promptly transmit to the Department the requested information as it becomes available.

INSTRUCTIONS

1. Responses to these requests should be provided to the undersigned, via email, within twenty (20) days of the date of service.
2. All information should be provided to the undersigned in the format requested and under oath.
3. All responses to the below requests should be labeled using the same numbers as used herein.
4. If the requested information is found in other places or in other exhibits, reference shall not be made to those, but instead, the information should be reproduced and placed in the responses to this request in the appropriate sequence.
5. All documents shall be provided in their native format, e.g., in Word, Excel, or PowerPoint format with all functions, data, and formulas intact.
6. Each request should be reproduced at the beginning of the response thereto.
7. If the response to any Request for Production of Documents is that the information requested is not currently available, please state when the information requested will become available.
8. This request shall be deemed continuing so as to require KIU to supplement or amend its responses as any additional information becomes available up to and through the date of hearing.

9. For any document withheld under a claim of privilege, submit a sworn or certified statement from your counsel or one of your employees in which you identify the document by author, addressee, date, number of pages, and subject matter; specify the nature and basis of the claimed privilege and the paragraph of this demand for documents to which the document is responsive; and identify each person to whom the document or its contents, or any part thereof, has been disclosed.

10. If a refusal to respond to a Request for Production of Documents is based on the grounds that same would be unduly burdensome, identify the number and nature of documents needed to be searched, the location of the documents, and the number of hours and costs required to conduct the search.

11. Answer each request on the basis of the entire knowledge of KIU, including information in the possession of KIU or its consultants, representatives, agents, experts, operating divisions, business divisions, assigns, partners, and attorneys, if any.

12. If any request cannot be answered in full, respond to the extent possible and specify the reasons for KIU's inability to respond.

DEFINITIONS

As used herein, the following terms shall have the meaning and be interpreted as set forth below:

1. "You," "your," and "Company" mean KIU or any of its affiliates, officers, directors, employees, attorneys, or agents.

2. "Application" is defined as the application filed by Kiawah Island Utility, Inc. on November 30, 2021 or as otherwise revised.

3. "Company" and "KIU" are defined as Kiawah Island Utility, Inc., its parent(s), subsidiaries, affiliates, predecessors, successors, officers, directors, agents, employees, and other persons acting in its behalf.

4. "Workpapers" and "documents" are defined in the broadest terms and should not be construed as limited to the listed examples, or limited only to items that are currently within your control or custody; include each and every original or copy of words or information generated by printing, typing, longhand, electronic recording, or other process, regardless of the form thereof, and include any kind of writing. Such documents include, but are not limited to, published materials, reports, correspondence, emails, records, memoranda, notices, notes, marginal notations, messages, teletype printouts, statements, books, studies, minutes, diagrams, drawings, maps, surveys, plans, charts, graphs, data, computer files, billings, evaluations, photographs, audio tapes, and videotapes. The terms include drafts, revisions or amendments of any of the above, and generally, any kind of tangible, permanent records that are now, or formerly were, in your possession, custody or control, or that were known by you to exist, and that can be located or discovered by reasonably diligent efforts.

5. "Communication(s)" when used in these Requests shall include the transmittal of information by any means, written, oral, electronic or otherwise.

6. When used in referenced to a document, "identify," identity," and "identification" mean to state the type of document (e.g., computer-stored information, microfilm, letter, memorandum, policy circular, minute book, telegram, chart, etc.), or some other means of identifying it, and its present location and custodian. If any such document was, but no long is, in your possession or subject to your control, state what disposition was made of the document, and if the document was destroyed or disposed of pursuant to a retention policy, please state the retention policy.

DOCUMENT AND INFORMATION REQUESTS

- 1-1 Please provide a copy of all questions, discovery, or information requests submitted to the Company by other parties, including the Office of Regulatory Staff (“ORS”), and provide the Company’s responses, including responsive documents or materials, to such requests.
- 1-2 Please provide a copy of all questions, discovery, or information requests submitted by the Company to other parties and provide the parties’ responses, including responsive documents or materials, to such requests.
- 1-3 Provide all workpapers, reports and source documents that support or form the basis for the Company’s Application, testimony, and exhibits. Please provide the requested documents in electronic form with any applicable spreadsheet links and formulas intact. Include the source data and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.
- 1-4 Please provide the names and addresses of any person whom the Company intends to use as a witness at the hearing in this case and identify with specificity the issues to be addressed by such witnesses and indicate whether or not written or recorded statements have been taken from the witnesses and who has possession of such statements.
- 1-5 For each person known to be a witness concerning the facts of the case or the Application, provide a copy of any written or recorded statements taken from such witnesses.
- 1-6 Please provide the curriculum vitae or resume showing all qualifications, employment history, previous witness experience, and publications of all witnesses whom the Company intends to use as a witness at the hearing in this case.
- 1-7 Application Exhibit A, page 7 of 9, paragraph 1 states the following:
 - When a customer requests discontinuance of service for the purpose of not receiving a monthly statement, the Company shall charge the equivalent of three months of basic facilities charges for both water and sewer service and require payment of such charges when for any reason service is restored to that particular customer.
 - a. Please explain the Company’s rationale for the three-month charge.
 - b. Are the “basic” facilities charges, the same as the “base” facilities charge listed in the Company’s tariff?

- c. In the event a customer discontinues and then restores services, are the three months of basic facilities charges credited to the account or are the charges in addition to the normal monthly charges that would be incurred by the customer?
- 1-8 Regarding Application Exhibit A, page 7 of 9, paragraph 4, please provide examples of “non-routine, non-emergency service” for which the \$25.00 fee would be charged.
- 1-9 Regarding Application Exhibit A, page 7 of 9, paragraph 5, please provide the “clerical and mailing costs” incurred by the Company to mail a notice of discontinuance of service.
- 1-10 Has the Company considered using the rate of return on rate base methodology to determine its revenue requirement and rates? If so, please explain why the Company requested the Commission use the operating margin method instead.
- 1-11 Please explain the relationship, if any, between the Company and the Infrastructure Investments Fund.
- 1-12 Please provide an organization chart that details any and all subsidiaries under SouthWest Water Company
- 1-13 Please provide the actual balance of short-term debt used by Kiawah Island Utility, Inc. for each month (or most frequently available) from January 1, 2017 to the most currently available.
- 1-14 Please provide the monthly (or most frequently available) balance sheet and income statements for the following entities for each year from January 1, 2017 to the most currently available:
 - a. Kiawah Island Utility, Inc.
 - b. KIU Holdings
 - c. South Carolina Utility Systems, Inc.
 - d. Southeast Utility Systems, Inc.
 - e. Southwest Water Company
- 1-15 For the years 2018, 2019, 2020 and 2021, please provide a copy of all bond rating reports issued by S&P Global Ratings, Fitch, Inc., and Moody’s Investors Service, Inc. for the following entities:
 - a. Kiawah Island Utility, Inc.
 - b. KIU Holdings
 - c. South Carolina Utility Systems, Inc.
 - d. Southeast Utility Systems, Inc.
 - e. Southwest Water Company
- 1-16 Please provide the total actual balance of CWIP broken down into CWIP earning AFUDC and CWIP not earning AFUDC for Kiawah Island Utility, Inc. for each month (or most frequently available) from January 1, 2017 to the most currently available.
- 1-17 Please state how the AFUDC rate is calculated and state what that rate has been for each month (or most frequently available) from January 1, 2017 to the most currently available for Kiawah Island Utility, Inc.

- 1-18 Please provide the amount of short-term debt that was applied to the computation of the AFUDC rate associated with CWIP on a monthly basis for each month (or most frequently available) from January 1, 2017 to the most currently available for Kiawah Island Utility, Inc.
- 1-19 Please identify the amount of short-term debt requested for regulatory purposes by Kiawah Island Utility, Inc. and explain the rationale for the requested amount.
- 1-20 Please provide the most recent Annual Reports submitted to all of the regulatory commissions to which each of the following entities it is required to submit.
- a. KIU Holdings
 - b. Kiawah Island Utility, Inc.
 - c. South Carolina Utility Systems, Inc.
- 1-21 Regarding SouthWest Water Company's acquisition of KIU Holdings, please provide the following:
- a. Acquisition price;
 - b. Please provide a copy of the valuation model used to evaluate this acquisition, including comparable earnings analysis and discounted cash flow method.
 - c. Please provide the valuation model requested in "b" in Excel format with all formulas intact;
 - d. Please provide the expected return on investment;
 - e. Please provide the book value of Kiawah Island Utility, Inc. at the time of acquisition;
 - f. Please provide the rate base of Kiawah Island Utility, Inc. at the time of acquisition;
 - g. Is there any goodwill associated with this acquisition?
 - h. If the answer to "g" is "yes" please provide the dollar value of the goodwill and how it was calculated;
 - i. Did the South Carolina Public Service Commission approve the acquisition? If yes, please provide the docket number and a link to the record, including testimony, briefs and orders. If no, please explain.
- 1-22 Please explain how Kiawah Island Utility, Inc. raises equity capital.
- 1-23 Please provide a list of all investors who currently have equity ownership, and include ownership percentage, for each of the following entities:
- a. Kiawah Island Utility, Inc.
 - b. KIU Holdings
 - c. South Carolina Utility Systems, Inc.
 - d. Southeast Utility Systems, Inc.
 - e. Southwest Water Company

- 1-24 Please explain how Kiawah Island Utility, Inc.'s raises debt capital.
- 1-25 Please provide a list of all investors who provide debt capital, including short and long-term debt, for the following entities:
- a. Kiawah Island Utility, Inc.
 - b. KIU Holdings
 - c. South Carolina Utility Systems, Inc.
 - d. Southeast Utility Systems, Inc.
 - e. Southwest Water Company
- 1-26 Do any of the following entities intend to raise debt or equity capital in 2022 or 2023? Please explain.
- a. Kiawah Island Utility, Inc.
 - b. KIU Holdings
 - c. South Carolina Utility Systems, Inc.
 - d. Southeast Utility Systems, Inc.
 - e. Southwest Water Company

S.C. DEPARTMENT OF CONSUMER AFFAIRS



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December 21, 2021
Columbia, South Carolina

CERTIFICATE OF SERVICE

I, Roger Hall, hereby certify that the foregoing document was served by electronic mail on all parties at the addresses listed in the Commission's official service list for Docket 2021-324-WS on December 21, 2021

A handwritten signature in blue ink, appearing to read "Roger Hall", is positioned above a horizontal line.

Roger Hall, Esq.